



Nations Home Mortgage

AMERICA'S HOME LOAN SPECIALISTS

Nations Home Mortgage Corporation Direct Best Practices

Nations Home Mortgage Corporation (NHM) has endorsed MBA Best Practices as recommended by the Mortgage Bankers Association of America (<http://www.mbaa.org>).

The measures recommended by the Mortgage Bankers Association of America are meant to serve as guidelines by which NHM can meet its business objectives, while providing fair and equitable treatment to borrowers. In addition to the MBA Best Practices, NHM has adopted the following additional safeguards to ensure fair and equitable treatment of consumers:

Borrowers Should Not Be Steered to Inappropriate Products

Borrowers should be offered the best available products for which the borrower would qualify based on his/her creditworthiness

NHM Should Determine That All Borrowers Have the Ability to Repay Their Loans

NHM credit decision should be based primarily on the repayment ability of the borrower. NHM has established a policy which restricts the origination of a loan solely on the basis of the borrower's equity, without regard to proper underwriting. NHM underwriting utilizes, among other things, income, assets, as well as mortgage and credit histories. NHM requires that all borrowers meet prescribed debt-to-income ratios as specified in NHM underwriting guidelines.

NHM Should Not "Flip" Customers

"Flipping" refers to the practice where a lender refinances a loan with a larger loan where the additional proceeds are largely used for fees and charges, and resulting in the borrower's equity being stripped from the property. NHM requires a 12-month listing history as well as the sales history that must be validated by the appraisal department to detect artificially inflated values. Transactions for properties with multiple refinances in the last 24 months. All Borrowers Should Be Fully Informed of All Loan Terms and Conditions, Including the Risks and Benefits of the Loan Transaction. Applicable disclosures should comply with legal requirements and should provide adequate explanation of all pertinent loan terms and conditions, including any yield-spread or service-release premium on brokered loans. In addition, marketing practices and materials should not be deceptive or

exploitative. NHM disclosed yield spread premium for brokered loans on the following documentation: Advance Disclosures, Final Disclosures, Lenders Closing Instructions, State specific forms, Final HUD-1.

Fees and Rates

Fees and rates should be representative of the associated credit risks and/or costs and services associated with the origination of the loan and properly disclosed. Loan fees must be proportionate to the costs of origination and the credit risk presented to the borrower. NHM has restricted first mortgage loans from exceeding the Section 32 and state-specific high cost rate and fees limitations.

Insurance Bundling

Lump-sum insurance products, such as credit life insurance, disability insurance, home warranties, etc., should not be condition of the loan. NHM does not engage in the practice of financing lump-sum or single-premium credit life insurance or similar products, and prohibits such practices in any transaction in which it is involved.

Prepayment Penalties

Prepayment penalties should be fair and fully disclosed. NHM prepayment penalties follow Federal and State laws. NHM offers all loan programs with a no prepayment penalty option at higher rates.

Lenders Should Report Borrower's Payment History to Credit Bureaus

Reporting such information enables consumers to improve their profile and have access to more favorable financing. NHM sub-servicer is required to report to all major reporting agencies on a regular basis.

Upcharging

NHM prohibits upcharging is the assessment of extra charges above an actual third party fee. NHM has prohibited the collection of any excess fees above an actual third party fee. NHM policy requires copies of all third party invoices as a condition to close.

Anti-Predatory Lending Policy

NHM strongly disapproves of abusive or predatory lending practices by any of its employees or agents, and requires its employees to receive training to spot predatory lending practices in an effort to prevent them. NHM requires all new employees acknowledge NHM's Best Practice and Anti-Predatory Lending Policy, and to adhere to practices intended to eliminate predatory lending and treat all borrowers fairly and equitably.

Fair Lending/Non-Discrimination

NHM is an equal housing lender and, in accordance with the Federal Equal Credit Opportunity Act, NHM employs business practices that promote fair lending and will not tolerate discrimination relative to borrower race, color, religion, sex, handicap, familial status, age, national origin, or ancestry. NHM fully supports the letter and spirit of these laws and does not condone discrimination in any mortgage transaction.

Industry & Community Involvement

NHM is committed to involvement with trade organizations, community groups, national associations, mortgage bankers, as well as state and local associations to continually develop and implement practices and disclosures that respond to the needs of consumers, and to scan and respond to new potential legislation which creates the need for consumer disclosures and protections.

Training

All NHM Employees are required to undergo training on NHM Best Practices and how to spot and prevent abusive or predatory lending.